

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Richland
Kalamazoo County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended March 31, 2005

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INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Richland, Michigan**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Richland, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Richland, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Richland, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 13, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of April 1, 2004.

The budgetary comparison information on pages 18 through 22, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Township of Richland, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Richland, Michigan's, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Siegfried Crandall P.C.

September 15, 2005

BASIC FINANCIAL STATEMENTS

Township of Richland
STATEMENT OF NET ASSETS
March 31, 2005

	<u>Governmental activities</u>
ASSETS	
Current assets:	
Cash	\$ 1,608,322
Prepaid expenses	300,231
Receivables (net)	<u>148,789</u>
Total current assets	<u>2,057,342</u>
Noncurrent assets:	
Receivables (net)	137,100
Capital assets (net of accumulated depreciation)	<u>2,189,708</u>
Total noncurrent assets	<u>2,326,808</u>
Total assets	<u>4,384,150</u>
LIABILITIES	
Current liabilities:	
Payables	41,647
Contracts payable	<u>40,959</u>
Total current liabilities	82,606
Noncurrent liabilities:	
Contracts payable	<u>137,100</u>
Total liabilities	<u>219,706</u>
NET ASSETS	
Invested in capital assets	2,189,708
Restricted for:	
Public safety	708,042
Capital improvements	412,761
Unrestricted	<u>853,933</u>
Total net assets	<u><u>\$ 4,164,444</u></u>

See notes to financial statements

Township of Richland
STATEMENT OF ACTIVITIES
Year ended March 31, 2005

		<u>Program revenues</u>			<u>Net (expenses)</u> <u>revenues and</u> <u>changes in</u> <u>net assets</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Governmental</u>
Functions/Programs	Expenses	services	grants and contributions	grants and contributions	
Governmental activities:					
Legislative	\$ 3,936	\$ -	\$ -	\$ -	\$ (3,936)
General government	406,750	23,801	-	-	(382,949)
Public safety	297,803	125,055	1,939	-	(170,809)
Public works	10,018	17,323	4,530	-	11,835
Community and economic development	39,855	10,500	-	-	(29,355)
Culture and recreation	99,001	-	-	-	(99,001)
Interest on long-term debt	15,651	-	-	15,651	-
Total governmental activities	<u>\$ 873,014</u>	<u>\$ 176,679</u>	<u>\$ 6,469</u>	<u>\$ 15,651</u>	<u>(674,215)</u>
General revenues:					
Property taxes					306,584
State shared revenue					401,454
Cable franchise fees					31,632
Unrestricted interest income					24,161
Other					<u>2,174</u>
Total general revenues					<u>766,005</u>
Change in net assets					91,790
Net assets - beginning					<u>4,072,654</u>
Net assets - ending					<u>\$ 4,164,444</u>

See notes to financial statements

Township of Richland
BALANCE SHEET - governmental funds
March 31, 2005

	Major funds			
	General	Fire	Water Improvement	Sewer Debt Service
ASSETS				
Cash	\$ 669,041	\$ 403,178	\$ 244,330	\$ -
Receivables	86,306	4,633	-	194,950
Prepaid expenditures	-	300,231	-	-
Due from other funds	5,950	-	24,522	-
	<u>5,950</u>	<u>-</u>	<u>24,522</u>	<u>-</u>
Total assets	<u>\$ 761,297</u>	<u>\$ 708,042</u>	<u>\$ 268,852</u>	<u>\$ 194,950</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 24,756	\$ -	\$ -	\$ 16,891
Due to other funds	-	-	3,175	-
Deferred revenue	-	-	-	178,059
	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,059</u>
Total liabilities	<u>24,756</u>	<u>-</u>	<u>3,175</u>	<u>194,950</u>
Fund balances:				
Reserved for:				
Equipment acquisition	-	300,231	-	-
Capital improvements	-	-	265,677	-
Unreserved, undesignated	736,541	407,811	-	-
	<u>736,541</u>	<u>407,811</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>736,541</u>	<u>708,042</u>	<u>265,677</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 761,297</u>	<u>\$ 708,042</u>	<u>\$ 268,852</u>	<u>\$ 194,950</u>

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Net assets of *governmental activities*

<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ 291,773	\$ 1,608,322
-	285,889
-	300,231
-	30,472

<u>\$ 291,773</u>	<u>\$ 2,224,914</u>
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\$ -	\$ 41,647
27,297	30,472
-	178,059
<u>27,297</u>	<u>250,178</u>

-	300,231
147,084	412,761
117,392	1,261,744
<u>264,476</u>	<u>1,974,736</u>

\$ 291,773

2,189,708

178,059

(178,059)

\$ 4,164,444

See notes to financial statements

Township of Richland**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
governmental funds**

Year ended March 31, 2005

	<i>Major funds</i>			
	<i>General</i>	<i>Fire</i>	<i>Water Improvement</i>	<i>Sewer Debt Service</i>
REVENUES				
Property taxes	\$ 315,159	\$ -	\$ -	\$ -
Licenses and permits	148,021	-	-	-
State grants	405,984	-	-	-
Charges for services	39,242	-	8,748	-
Interest and rentals	12,379	10,363	2,450	15,651
Other	2,174	-	-	46,972
Total revenues	<u>922,959</u>	<u>10,363</u>	<u>11,198</u>	<u>62,623</u>
EXPENDITURES				
Legislative	3,936	-	-	-
General government	390,656	-	-	-
Public safety	214,043	-	-	-
Public works	92,072	-	-	-
Community and economic development	39,855	-	-	-
Culture and recreation	81,224	-	-	-
Capital outlay	139,196	10,352	-	-
Debt service:				
Principal	-	-	-	46,972
Interest	-	-	-	15,651
Total expenditures	<u>960,982</u>	<u>10,352</u>	<u>-</u>	<u>62,623</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,023)	11	11,198	-
FUND BALANCES - BEGINNING	<u>774,564</u>	<u>708,031</u>	<u>254,479</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 736,541</u>	<u>\$ 708,042</u>	<u>\$ 265,677</u>	<u>\$ -</u>

<i>Nonmajor governmental funds</i>	<i>Total governmental funds</i>
\$ -	\$ 315,159
1,939	149,960
-	405,984
-	47,990
2,694	43,537
-	49,146
<u>4,633</u>	<u>1,011,776</u>
-	3,936
-	390,656
1,255	215,298
-	92,072
-	39,855
-	81,224
-	149,548
-	46,972
-	15,651
<u>1,255</u>	<u>1,035,212</u>
3,378	(23,436)
<u>261,098</u>	<u>1,998,172</u>
<u>\$ 264,476</u>	<u>\$ 1,974,736</u>

See notes to financial statements

Township of Richland

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended March 31, 2005

Net change in fund balances - total governmental funds \$ (23,436)

Amounts reported for *governmental activities* in the statement of activities
(page 6) are different because:

Governmental funds report capital outlays as expenditures. However, in the
statement of activities, the cost of those assets are allocated over their
estimated useful lives as depreciation expense.

Add - capital outlay	222,958
Deduct - depreciation provision	(107,732)

Because some special assessments will not be collected until subsequent
periods, they are not considered available revenues and are deferred in the
governmental funds. Deferred special assessment revenues decreased by
this amount in the current period. (46,972)

Repayment of principal on long-term debt is an expenditure in the
governmental funds, but the repayment reduces long-term
liabilities in the statement of net assets. 46,972

Change in net assets of *governmental activities* \$ 91,790

Township of Richland
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Richland, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) *Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the financial resources used to finance capital costs of the Township's fire department. Revenues are primarily derived from property taxes.

The Water Improvement Fund accounts for the Township's water system improvements financed through connection fees.

The Sewer Debt Service Fund accounts for the funding and payment of principal and interest on debt associated with the Township's sewer system improvements.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

d) *Assets, liabilities, and net assets or equity:*

i) *Bank deposits* - Cash is considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) *Capital assets* - Capital assets, which include property, equipment, and infrastructure assets (e.g., shared roads costs and similar items), are reported in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning April 1, 2004.

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities, and net assets or equity* (Continued):

iv) *Capital assets* (continued) - Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Equipment	3 - 10 years
Vehicles	20 - 40 years
Shared road costs	7 - 20 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variances.

NOTE 3 - CASH:

The Township's cash balances, at year end, consist of bank deposits and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township had deposits with a carrying amount of \$1,608,322 and a bank balance of \$1,638,605. Of the bank balance, \$479,730 is covered by federal depository insurance and \$1,158,875 is uninsured.

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES:

Receivables as of year end for the Township's individual major funds are as follows:

<i>Fund</i>	<i>Property taxes</i>	<i>Special assessments</i>	<i>Inter- governmental</i>	<i>Interest</i>	<i>Total</i>
General	\$ 11,157	\$ -	\$ 75,149	\$ -	\$ 86,306
Fire	-	-	-	4,633	4,633
Sewer Debt Service	-	194,950	-	-	194,950
Totals	<u>\$ 11,157</u>	<u>\$ 194,950</u>	<u>\$ 75,149</u>	<u>\$ 4,633</u>	<u>\$ 285,889</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ 137,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,100</u>

All receivables are considered fully collectible.

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2005, was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 358,242</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 358,242</u>
Capital assets being depreciated:				
Land improvements	254,419	119,405	-	373,824
Buildings	1,164,744	-	-	1,164,744
Fire equipment and vehicles	783,579	10,352	-	793,931
Office equipment	67,437	4,826	-	72,263
Shared road costs	-	88,375	-	88,375
Subtotal	<u>2,270,179</u>	<u>222,958</u>	<u>-</u>	<u>2,493,137</u>
Less accumulated depreciation for:				
Land improvements	32,762	16,240	-	49,002
Buildings	162,295	26,148	-	188,443
Fire equipment and vehicles	315,046	52,794	-	367,840
Office equipment	43,836	6,229	-	50,065
Shared road costs	-	6,321	-	6,321
Subtotal	<u>553,939</u>	<u>107,732</u>	<u>-</u>	<u>661,671</u>
Total capital assets being depreciated (net)	<u>1,716,240</u>	<u>115,226</u>	<u>-</u>	<u>1,831,466</u>
Governmental activities capital assets, net	<u>\$ 2,074,482</u>	<u>\$ 115,226</u>	<u>\$ -</u>	<u>\$ 2,189,708</u>

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 15,498
Public safety	68,136
Public works	6,321
Culture and recreation	<u>17,777</u>
Total governmental activities	<u>\$ 107,732</u>

NOTE 6 - NONCURRENT LIABILITIES:

Noncurrent liabilities at March 31, 2005, are comprised of the following issue:

Special assessment debt:

The Township has a contractual agreement to remit to the Gull Lake Sewer and Water Authority (the Authority) all principal and interest collections arising from special assessments levied on properties served by the Authority. In the event that the Authority is unable to meet its debt service requirements, an assessment may be made against the Township. The Township has pledged its full faith and credit for the payment of its share of any such deficiency.

Sewer District 90-1	\$ 137,954
Sewer District 93-1	<u>40,105</u>
	<u>\$ 178,059</u>

Noncurrent liability activity for the ended March 31, 2005, is as follows:

Beginning	\$ 225,031
Retirements	<u>(46,972)</u>
Ending	<u>\$ 178,059</u>
Due within one year	<u>\$ 40,959</u>

Debt service requirements at March 31, 2005, are as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2006	\$ 40,959	\$ 12,464
2007	40,959	9,597
2008	40,960	6,729
2009	27,591	3,863
2010	<u>27,590</u>	<u>1,931</u>
Totals	<u>\$ 178,059</u>	<u>\$ 34,584</u>

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - PAYABLES:

<u>Fund</u>	<u>Accounts</u>	<u>Other</u>	<u>Totals</u>
General	\$ 24,756	\$ -	\$ 24,756
Sewer Debt Service	<u>-</u>	<u>16,891</u>	<u>16,891</u>
Totals	<u>\$ 24,756</u>	<u>\$ 16,891</u>	<u>\$ 41,647</u>

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES:

At March 31, 2005, the composition of interfund balances is as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Fund</u>	<u>Payable</u>
General	\$ 5,950	Water Improvement	\$ 3,175
		Nonmajor funds	<u>2,775</u>
			5,950
Water improvement	<u>\$ 24,522</u>	Nonmajor funds	<u>24,522</u>
Total	<u>\$ 30,472</u>	Total	<u>\$ 30,472</u>

Each of the balances represents temporary cash flow assistance.

NOTE 9 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for all its elected officials through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Officials are eligible to participate from the date they are elected to office. The Township annually contributes 12% of the official's base salary or \$100, whichever is greater, and the contribution is fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for management of plan assets.

The Township made the required contributions of \$15,593 during the year ended March 31, 2005.

NOTE 10 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2005, follows:

Revenues	\$ 112,102
Expenses	<u>(112,833)</u>
Deficiency of revenues over expenses	<u>\$ (731)</u>

Township of Richland
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 12 - PRIOR PERIOD ADJUSTMENT:

A prior period adjustment has been recorded as of April 1, 2004, that resulted in a restatement of the beginning fund balance of the General Fund. Accordingly, the beginning fund balance included in the basic financial statements, represents a restated balance as presented below.

Fund balance as previously reported	\$ 806,451
Prior period adjustment to correct the understatement of accounts payable	<u>(31,887)</u>
Fund balance, as restated	<u>\$ 774,564</u>

NOTE 13 - CHANGE IN ACCOUNTING PRINCIPLES:

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change:

Net assets, as previously reported, after correction of errors General, special revenue, and debt service funds	\$ 1,998,172
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,074,482
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	(225,031)
Noncurrent liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>225,031</u>
Net assets, as restated	<u>\$ 4,072,654</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Richland
BUDGETARY COMPARISON SCHEDULE - General Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 256,000	\$ 256,000	\$ 315,159	\$ 59,159
Licenses and permits	114,800	145,800	148,021	2,221
State grants	360,000	358,800	405,984	47,184
Charges for services	13,400	18,600	39,242	20,642
Interest and rentals	8,000	8,000	12,379	4,379
Other	550	550	2,174	1,624
	<u>752,750</u>	<u>787,750</u>	<u>922,959</u>	<u>135,209</u>
EXPENDITURES				
Legislative	6,050	3,800	3,936	(136)
General government:				
Supervisor	48,800	48,800	47,677	1,123
Election	12,400	12,400	11,096	1,304
Assessor	63,250	63,250	55,514	7,736
Clerk	57,400	57,400	58,039	(639)
Board of review	1,725	1,375	1,247	128
Treasurer	49,300	49,300	47,905	1,395
Hall and grounds	69,900	62,400	41,105	21,295
Cemetery	45,200	35,200	32,602	2,598
Other	177,050	169,650	95,471	74,179
	<u>525,025</u>	<u>499,775</u>	<u>390,656</u>	<u>109,119</u>
Public safety:				
Construction code inspections	85,200	130,200	112,833	17,367
Fire protection	104,150	94,150	99,063	(4,913)
911 service	2,400	2,400	2,147	253
	<u>191,750</u>	<u>226,750</u>	<u>214,043</u>	<u>12,707</u>
Public works:				
Road construction and maintenance	101,600	101,600	72,456	29,144
Street lighting	17,000	17,000	16,171	829
Recycling and waste collection	8,000	8,000	3,445	4,555
	<u>126,600</u>	<u>126,600</u>	<u>92,072</u>	<u>34,528</u>

Township of Richland
BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Health and welfare - ambulance	\$ 12,500	\$ 12,500	\$ -	\$ 12,500
Community and economic development - planning and zoning	<u>40,750</u>	<u>45,750</u>	<u>39,855</u>	<u>5,895</u>
Culture and recreation:				
Parks	180,800	70,800	49,592	21,208
Cable television	<u>34,500</u>	<u>34,500</u>	<u>31,632</u>	<u>2,868</u>
Total culture and recreation	<u>215,300</u>	<u>105,300</u>	<u>81,224</u>	<u>24,076</u>
Capital outlay	<u>-</u>	<u>142,500</u>	<u>139,196</u>	<u>3,304</u>
Total expenditures	<u>1,117,975</u>	<u>1,162,975</u>	<u>960,982</u>	<u>201,993</u>
NET CHANGE IN FUND BALANCE	(365,225)	(375,225)	(38,023)	337,202
FUND BALANCE - BEGINNING	<u>774,564</u>	<u>774,564</u>	<u>774,564</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 409,339</u>	<u>\$ 399,339</u>	<u>\$ 736,541</u>	<u>\$ 337,202</u>

Township of Richland
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Interest	\$ 4,400	\$ 4,400	\$ 10,363	\$ 5,963
Other - contributions	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Total revenues	4,600	4,600	10,363	5,763
EXPENDITURES				
Capital outlay	<u>251,050</u>	<u>312,050</u>	<u>10,352</u>	<u>301,698</u>
NET CHANGE IN FUND BALANCE	(246,450)	(307,450)	11	307,461
FUND BALANCE - BEGINNING	<u>708,031</u>	<u>708,031</u>	<u>708,031</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 461,581</u>	<u>\$ 400,581</u>	<u>\$ 708,042</u>	<u>\$ 307,461</u>

Township of Richland
BUDGETARY COMPARISON SCHEDULE - Water Improvement Fund
Year ended March 31, 2005

	<i>Original budget</i>	<i>Amended budget</i>	<i>Actual</i>	<i>Variance favorable (unfavorable)</i>
REVENUES				
Charges for services	\$ 1,000	\$ 1,000	\$ 8,748	\$ 7,748
Interest	<u>3,500</u>	<u>3,500</u>	<u>2,450</u>	<u>(1,050)</u>
Total revenues	4,500	4,500	11,198	6,698
EXPENDITURES				
Public works	<u>236,000</u>	<u>236,000</u>	<u>-</u>	<u>236,000</u>
NET CHANGE IN FUND BALANCE	(231,500)	(231,500)	11,198	242,698
FUND BALANCE - BEGINNING	<u>254,479</u>	<u>254,479</u>	<u>254,479</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 22,979</u>	<u>\$ 22,979</u>	<u>\$ 265,677</u>	<u>\$ 242,698</u>

Township of Richland
BUDGETARY COMPARISON SCHEDULE - Sewer Debt Service Fund
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Other - special assessments	\$ -	\$ 62,623	\$ 62,623	\$ -
EXPENDITURES				
Debt service:				
Principal	-	46,972	46,972	-
Interest	-	15,651	15,651	-
Total expenditures	-	62,623	62,623	-
NET CHANGE IN FUND BALANCE	-	-	-	-
FUND BALANCE - BEGINNING	-	-	-	-
FUND BALANCE - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SUPPLEMENTARY INFORMATION

Township of Richland
COMBINING BALANCE SHEET - nonmajor governmental funds
 March 31, 2005

	<u>Liquor</u>	<u>Public Improvement</u>	<u>1987 Water District</u>	<u>Total nonmajor governmental funds</u>
ASSETS				
Cash	\$ 1,378	\$ 117,139	\$ 173,256	\$ 291,773
LIABILITIES AND FUND BALANCES				
Liabilities - due to other funds	\$ -	\$ 1,125	\$ 26,172	\$ 27,297
Fund balances:				
Reserved for capital improvements	-	-	147,084	147,084
Unreserved, undesignated	1,378	116,014	-	117,392
Total fund balances	1,378	116,014	147,084	264,476
Total liabilities and fund balances	\$ 1,378	\$ 117,139	\$ 173,256	\$ 291,773

Township of Richland**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - nonmajor governmental funds**

Year ended March 31, 2005

	<u>Liquor</u>	<u>Public Improvement</u>	<u>1987 Water District</u>	<u>Total nonmajor governmental funds</u>
REVENUES				
Licenses and permits	\$ 1,939	\$ -	\$ -	\$ 1,939
Interest	<u>-</u>	<u>571</u>	<u>2,123</u>	<u>2,694</u>
Total revenues	1,939	571	2,123	4,633
EXPENDITURES				
Public safety	<u>1,255</u>	<u>-</u>	<u>-</u>	<u>1,255</u>
EXCESS OF REVENUES OVER EXPENDITURES	684	571	2,123	3,378
FUND BALANCES - BEGINNING	<u>694</u>	<u>115,443</u>	<u>144,961</u>	<u>261,098</u>
FUND BALANCES - ENDING	<u>\$ 1,378</u>	<u>\$ 116,014</u>	<u>\$ 147,084</u>	<u>\$ 264,476</u>